DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 9 7 — 0 2 1

2. STATE: Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
November 17, 1997

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.252(b)

7. FEDERAL BUDGET IMPACT:
a. FFY 98 $ 394,552
b. FFY _____ $ _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, pp 2c and 2d.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-B, pp 2c and 2d.

10. SUBJECT OF AMENDMENT:

To establish the special indigent pool for childrens hospitals for FY98.

11. GOVERNOR'S REVIEW *(Check One)*:

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
James K. Haveman, Jr.

14. TITLE:
Director

15. DATE SUBMITTED:

16. RETURN TO:
Michigan Department of Community Health
Medical Services Adminsitration
P.O. Box 30479
Laning, MI 48909-7979

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/04/97

18. DATE APPROVED: 6/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
11-17-97

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED
DEC 0 4 1997
HCFA-V-DMSO

FORM HCFA-179 (07-92)

Instructions on Back

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

The cost limit is applied by each subprovider within a hospital at the time of the hospital settlement. The Medicaid outpatient payment by subprovider is limited to a maximum of the Medicaid costs for that subprovider. The cost limit test is applied to all payments, but excluding any special indigent pool payments.

11/17/97 Aggregate Medicaid reimbursement to Michigan outpatient hospitals (including the special indigent pools) will not be allowed to exceed the Federally imposed upper limit for outpatient services provided to Michigan recipients. To account for varying hospital year end dates, this test will be made annually based on hospital fiscal years ending during the State fiscal year (e.g., the test for 1998 will use hospital years ending between October 1, 1997 and September 30, 1998). If the upper limit is exceeded, the size of the special indigent pool will be reduced by the amount in excess of the upper limit. If the upper limit test supports our claim that Medicaid's total payment is less than the Medicare payment would have been for comparable services under comparable circumstances, the amount up to the upper limit may be dispersed to the qualifying hospitals.

11/17/97 Between November 17, 1997 and September 30, 1998, qualifying children's hospitals will share in an outpatient adjustor pool of $695,000. This payment will be in addition to the regular indigent volume payments.

11/17/97 Eligibility for the pool is restricted to freestanding children's hospitals as defined for the purpose of the Medicaid Indigent Volume Report (Medical Assistance Program, Hospital Manual, Chapter VIII, page 19, item #3). Indigent volume charges and children's hospital status will be determined from the Medicaid Indigent Volume Report for hospital fiscal years (FY) ending between October 1, 1995 and September 30, 1996. To be eligible a children's hospital must have incurred outpatient indigent volume charges (for hospital fiscal years ending between October 1, 1995 and September 30, 1996) in excess of $40,000,000. These data have been subject to review and appeal and will not be changed. Each eligible hospital will share in the pool proportionately using the ratio of the hospital's FY 1998 Title XIX estimated outpatient charges to the sum of FY 1998 Title XIX estimated outpatient charges for qualifying hospitals.

11/17/97 The $695,000 will be paid on or after November 17, 1997. This payment will be based on the best data available.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

11/17/97 Payments made during FY 1998 will be estimated payments and will be adjusted to a final amount based on the actual amount paid for state fiscal year 1998, as of December 31, 1999, excluding payments from this pool. The paid claims include Title XIX and Title V/XIX paid claims for provider types 40, 41 and 75.

For purposes of this pool, Medicaid outpatient hospital reimbursement to any single hospital will be allowed to exceed the hospital's Medicaid outpatient charges and Medicaid payments may exceed a hospital's outpatient Medicaid cost. The special indigent payments made under this provision will be exempt from the outpatient hospital charge and cost limits.

The State collaborates with the Michigan Department of Public Health (MDPH) on a Vaccine Replacement Program (VRP). Vaccines are provided free to enrolled Medicaid providers on a replacement basis to immunize Medicaid eligible. Providers are reimbursed an enhanced administration fee to encourage their participation. The department reimburses the MDPH the government price for each dose of vaccine administered, in addition to a per dose handling fee and spoilage allowance. Providers may also request the manufacturer's cost of vaccine if they elect not to participate in the VRP. The department establishes the reimbursement rate for purchased vaccine by allowing the lowest most commonly available cost to purchase the product in multiple dose units plus a nominal administration fee.

Outpatient hospital psoriasis treatment centers are reimbursed a rate based on estimated and historical costs of psoriasis treatment centers certified by the Medical Services Administration. Reimbursement will be the lesser of the hospital's charges or the established Medicaid rate for the treatment episode. The rate includes all services that may be provided to the recipient, except physician services. Physician services are reimbursed separately as clinic visits. Outpatient hospital psoriasis services rendered to recipients who do not meet the specified admission criteria for the psoriasis treatment centers are reimbursed under the current fee for service system.

4. Home Health Agency Services
   Reimbursement to home health agencies is made in accordance with Medicaid's maximum fee screens or the home health agency's usual and customary charge (acquisition cost for medical supply items), whichever amount is less.

5. Rural Health Clinic Services
   Payments for "provider clinics" will be on the basis of Medicare regulations in part 405, support D, 42 CFR. Payments for non "provider clinics" will be based on the Medicare cost rate per visit for rural health clinic services. Payment for other ambulatory services will be made on the basis of reasonable charges, as defined in 1. above.